

## Message Text

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12

ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 IGA-02 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01

L-03 H-02 EB-11 COME-00 TRSE-00 AGR-20 OMB-01 IO-13

RSR-01 /149 W

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R 280800 Z JUN 73

FM AMEMBASSY COLOMBO

TOPQUEHC/ SECSTATE WASHDC 9669

INFO AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY CANBERRA

AMEMBASSY NEW DELHI

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E. O. 11652: N/ A

TAGS: EAID, EAGR, CE

SUBJ: PRIME MINISTERS DINNER FOR AID DONOR REPRESENTATIVES

REF: COLOMBO 1616

1. PRIME MINISTER' S JUNE 27 DINNER FOR REPRESENTATIVES OF AID DONOR COUNTRIES TURNED OUT TO BE RATHER LISTLESS AND DIRECTION-LESS AFFAIR. FUNCTION WAS BILLED IN ADVANCE BY PM' S SPECIAL ASSISTANT PIERIS AS OPPORTUNITY FOR MRS BANDARANAIKE TO THANK AID DONORS, AND AMBASSADORS OR CHARGES FROM ALL AID GROUP COUNTRIES WERE DUTIFULLY PRESENT WITH THEIR WIVES. ALSO PRESENT WAS INDIAN HIGH COMMISSIONER COELHO, POSSIBLY BECAUSE INDIA HAS PROVIDED SOME ASSISTANCE TO GSL. OTHER PARTICIPANTS WERE MRS BANDARANAIKES TWO SPECIAL ASSISTANTS, SECRETARY OF MDFA JAYASINGHE, ACTING SECRETARY OF MINISTRY OF PLANNING AND EMPLOYMENT MEGAMA, AND DIRECTOR OF NATIONAL PLANNING PERERA.

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2. MRS BANDARANAIKE MADE NO SPEECH OR TOAST, SEEMED TIRED, AND LACKED HER USUAL BUOYANCY. ONLY BRIGHT SPOT IN OTHERWISE UNEXCITING EVENING WAS APPEARANCE IN TRADITIONALLY DRY TEMPLE TREES OF A PUNCH CONTAINING BLEND OF ARRACK, BRANDY, GIN, AND FRUIT JUICE. WHETHER THIS WELCOME INNOVATION PORTENDS PERMANENT POLICY SHIFT NO ONE CAN FORETELL BUT CONCOCTION, PLEASANT THOUGH IT WAS, FAILED TO INSTILL MUCH LIFE INTO OCCASION.

3. PRIME MINISTERS MOOD CAN PERHAPS BE EXPLAINED BY TENOR OF HER PRIVATE CONVERSATION WITH ME BEFORE DINNER. SHE SAID HE HAD JUST COME FROM LONG MEETING ON FOOD SITUATION AND CONFIRMED EARLIER PESSIMISTIC REPORTS I HAD RECEIVED FROM PADDY MARKETING BOARD (PMB) CHAIRMAN AND FOOD COMMISSIONER (REFTEL). FOOD PICTURE LOOKED BAD BDOAUSE RICE PADDY PRODCUTION FAR BELOW EXPECTATIONS. DROUGHT WAS ONE OF CAUSES, PRIME MINISTER EXPLAINED, BUT THERE WERE OTHER REASONS. HER EARLIER STATEMENT THAT SHE PLANNED STOP RICE IMPORTS IN 1974 HAD CAUSED SOME CULTIVATORS TO HOLD PADDY OFF MARKET IN ANTICIPATION HIGHER FUTURE PRICES. SECOND REASON WAS RELUCTANCE OF LARGE CULTIVATORS TO SELL RICE TO PMB FOR FEAR OF BEING TAXED; SHE THEREFORE HAD DECIDED TO LIFT THIS TAX. THIRD REASON WAS CULTIVATORS BELIEF THAT IF THEY SOLD PADDY TO PMB THEY WOULD BE COMPELLED REPAY PORTION OF OUTSTANDING AGRICULTURAL LOANS BEFORE RECEIVING PADDY PAYMENTS. THIS POSED DILEMMA FOR GSL BECAUSE MORE THAN RS 60 MILLION IN AGRICULTURAL LOANS WERE OUTSTANDING AND COULD NOT BE EASILY WRITTEN OFF.

4. PRIME MINISTER SAID SHE ESTIMATED GOVT COULD SCRAPE THROUGH ON EXISTING FOOD STOCKS UNTIL LATE OCT OR, AT LATEST, UNTIL EARLY NOVEMBER. THEREAFTER PINATURE WAS GRIM. CONSEQUENTLY, SHE WAS ANXIOUS TO KNOW PROSPECTS FOR PL 47- SHIPMENTS AND HOPED WE COULD PROVIDE ADDITIONAL WHEAT FLOUR SOON.

5. I TOLD PRIME MINISTER THAT PLANNICU SECRETARY GUNASEKERA WAS MEETING IN WASHINGTON THIS WEEK WITH SISCO AND MACDONALD AND WOULD RECEIVE UP- TO- DATE REPORT ON PL 480 WHEAT FLOUR LIMITED OFFICIAL USE

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POSSIBILITIES. I THEN SKETCHED OUT US FOODSTUFF SITUATION, DRAWING ON STATE 125374, AND SAID THAT IN MY MIND THIS ADDED UP TO TIGHT BIND ON PL 480 AVAILABILITIES IN SHORT RUN BUT THAT HOPEFULLY SITUATION WOULD EASE LATER IN YEAR. PRIME MINISTER REPLIED SHE CERTAINLY HOPED SO, REITERATING SRI LANKAS SERIOUS FOOD PROSPECTS.

6. COMMENT: I WILL BE PREPARED COMMENT AND MAKE  
RECOMMENDATIONS RE PRIME MINISTERS APPROACH TO ME AFTER  
RECEIPT REPORTS ON SISCO AND MACDONALD CONVERSATIONS WITH  
GUNASEKERA.  
VAN HOLLEN

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\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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